

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 EA-11 NEA-14 IO-14 ISO-00 FRB-03 OMB-01

TAR-02 SP-03 SWF-02 AGR-20 AID-20 CIAE-00 COME-00

INR-11 LAB-06 NSAE-00 OIC-04 RSC-01 SIL-01 STR-08

TRSE-00 CIEP-03 CEA-02 SSO-00 NSCE-00 USIE-00 PA-04

PRS-01 L-03 INRE-00 H-03 SS-20 NSC-07 DRC-01 /193 W

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O P 301203Z AUG 74

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 7973

INFO AMEMBASSY BRASILIA PRIORITY

AMEMBASSY BUENOS AIRES PRIORITY

AMEMBASSY MANILA PRIORITY

AMEMBASSY MEXICO PRIORITY

AMEMBASSY NEW DELHI PRIORITY

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PASS STR

E.O. 11652: N/A

TAGS: UNCTAD, ETRD

SUBJ: UNCTAD: TDB XIV CONCENTRATES ON RESOLUTIONS RE US SYSTEM
OF GENERALIZED PREFERENCES

SUMMARY: FOLLOWING DISCUSSION ON PREFERENCES

IN SESSIONAL COMMITTEE I, GROUP OF 77 IN CONTACT GROUP OF SESSIONAL
COMMITTEE MADE SPECIAL COMMITTEE ON PREFERENCES DRAFT RESOLUTIONS
ON U.S. SYSTEM OF GENERALIZED PREFERENCES FIRST ORDER OF BUSINESS.
PHILIPPINES, BRAZIL AND INDIA, PRINCIPAL SPOKESMEN OF GROUP OF 77
IN CONTACT GROUP, SEEM DETERMINED TO PUSH RESOLUTIONS THROUGH
DESPITE U.S. DELS' INSISTENCE LEGISLATIVE PROCESS ON TRADE BILL AT
DELICATE STAGE AND RESOLUTIONS MIGHT ADVERSELY AFFECT CONGRESSIONAL
CONSIDERATION OF TRA TITLE V ON PREFERENCES. U.S. DEL PROPOSING
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FORMULA UNDER WHICH TDB WOULD EXPRESS HOPE THAT U.S. WOULD

BEAR IN MIND VIEWS OF LDCS, BUT NOT OPTIMISTIC GROUP OF 77
WILL ACCEPT SUCH A MILD APPROACH SINCE THEIR STATEMENTS TO
DATE EXTREMELY NEGATIVE ON PROPOSED U.S. SYSTEM OF GENERALIZED
PREFERENCES. THERE IS THUS REAL POSSIBILITY LDCS MAY VOTE
THROUGH RESOLUTION CRITICAL OF PROPOSED U.S. SCHEME. IF
STR:DEPARTMENT CONSIDER THIS MIGHT ADVERSELY AFFECT LEGISLATIVE
SITUATION, THEY MAY WISH TAKE UP WITH KEY LDC EMBASSIES
WASHINGTON. END SUMMARY.

1. PREFERENCES FIRST RAISED IN SESSIONAL BY PHILIPPINES WHICH
ASKED IF U.S. HAD ACTED ON LDC RECOMMENDATIONS FOR CHANGES IN
U.S. PREFERENCE SCHEME MADE AT UNCTAD PREFERENCES GROUP
MEETING SO AS TO CORRECT "RESTRICTIVE AND DISCRIMINATORY NATURE OF
U.S. SCHEME." U.S. RESPONDED WITH STATEMENT DESCRIBING U.S.
POLICY AND LEGISLATIVE SITUATION WITH REGARD GENERALIZED PREFERENCES.
NOTED THAT ONE OF PRESIDENT FORD'S FIRST ACTIONS HAD BEEN TO URGE
UPON CONGRESS PASSAGE OF TRA WHICH CONTAINED AUTHORIZATION FOR
GENERALIZED PREFERENCES. REPORTED THAT BILL HAD BEEN PASSED BY
HOUSE AND NOW BEFORE SENATE FINANCE COMMITTEE. LEGISLATION NOW
AT DELICATE STAGE, BUT PROGRESS GOOD, AND WE HOPED HAVE LEGISLATION
IN HAND SOON. WE CONSIDER U.S. PROPOSAL LIBERAL AND COMPETITIVE
NEED FEATURE SHOULD BE OF BENEFIT TO LEAST-DEVELOPED LDCS. POINTED
OUT THAT TDB RESOLUTION CRITICIZING OUR SCHEME HURT OUR EFFORTS
ACHIEVE PROMPT CONGRESSIONAL AUTHORIZATION FOR
PREFERENCES. PHILIPPINES RESPONDED IT CLEAR U.S. HAD
NOT ACTED ON LDC RECOMMENDATIONS AND THUS ALL MORE
URGENT FOR LDCS TO PRESS RESOLUTIONS ON U.S. SCHEME AT
TDB. IN SUBSEQUENT DISCUSSION, OTHER LDC LEADERS
INCLUDING NIGERIA AND INDIA ALSO CRITICIZED U.S. SCHEME AS
RESTRICTIVE AND DISCRIMINATORY.

2. SESSIONAL COMMITTEE I ESTABLISH CONTACT GROUP AUGUST
29 TO DEAL WITH ALL DRAFT RESOLUTIONS ANNEXED TO REPORTS
OF PREFERENCES AND MANUFACTURES COMMITTEES AND ON ANY OTHER
RESOLUTIONS THAT MIGHT BE INTRODUCED. GROUP B HAD EXPECTED
RESOLUTION FORWARDED BY MANUFACTURERS COMMITTEE ON UNCTAD
ROLE IN MTN TO BE FIRST RESOLUTION CONSIDERED, BUT GROUP OF 77
INSISTED DRAFT RESOLUTION ON PREFERENCES IN ANNEX II OF REPORT OF
SIXTH SESSION OF SPECIAL COMMITTEE ON PREFERENCES TD/B/C.5(VI)/
MISC. 2 BE TAKEN UP FIRST, BEGINNING WITH TWO RESOLUTIONS ON U.S.
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GSP.

3. GROUP B COORDINATOR (SWISS-CUTTAT) STATED INAPPROPRIATE TO
DIRECT RESOLUTION AT ONE COUNTRY, CONGRESSIONAL CONSIDERATION OF
U.S. TRADE BILL AT DELICATE POINT AND INADVISABLE TO INTERJECT
CONTENTIOUS RESOLUTION. U.S. DEL STRESSED SIMILAR THEME AND
STATED WE UNABLE TO AGREE TO RESOLUTION DIRECTED SO EXPLICITLY TO
U.S. CONGRESS AND COMMENTING UPON FEATURES OF LEGISLATION

UNDER CONSIDERATION BEFORE IT.

4. GROUP OF 77 SPOKESMEN ATTACKED PROPOSED U.S. SYSTEM OF GENERALIZED PREFERENCES AS HIGHLY RESTRICTED IN ITS BENEFITS TO LDCS AND DISCRIMINATORY. PHILIPPINE DELEGATE STATED THAT HIS COUNTRY WOULD RATHER NOT HAVE A U.S. GSP THAN HAVE THE DEFORMITY OF A GSP PRESENTLY PROPOSED. HE PROPOSED THAT THE RESOLUTION ON CHARACTERISTICS OF THE U.S. SCHEME BE STRENGTHENED TO URGE THE U.S. TO EXCLUDE THE OBJECTIONABLE FEATURES RATHER THAN TO GIVE SERIOUS CONSIDERATION TO THEIR EXCLUSION. BRAZIL, INDIA AND ARGENTINA INSISTED CHANGE IN U.S. SYSTEM ABSOLUTELY NECESSARY AND THAT RESOLUTION HAD NO DESTRUCTIVE PURPOSE BUT WAS CONSTRUCTIVE IN STRENGTHENING THE HAND OF THE U.S. ADMINISTRATION WITH CONGRESS.

5. CONTACT GROUP RECONVENES THIS MORNING AND U.S. DEL SUGGESTING AMENDMENTS TO DRAFT RESOLUTION WITH FORMULA THAT TDB EXPRESSES THE HOPE THAT U.S. WILL BEAR IN MIND THE VIEWS OF DEVELOPING COUNTRIES AND THEN LISTS THEIR OBJECTION TO PROPOSED U.S. SYSTEM. WE ARE NOT OPTIMISTIC LDCS WILL ACCEPT SUCH A FORMULATION AND ANTICIPATE THAT WE MAY HAVE TO VOTE AGAINST ON PREFERENCES RESOLUTIONS WHICH GROUP OF 77 APPEARS DETERMINED TO ADOPT.

6. WE HAVE WARNED LDCS THAT THEIR ACTIONS ON THESE RESOLUTIONS MIGHT JEOPARDIZE CONGRESSIONAL APPROVAL OF GENERALIZED PREFERENCES TITLE OF U.S. TRADE BILL BUT WITHOUT ANY APPARENT EFFECT ON LDC DELEGATIONS AT THIS MEETING. IF STR/DEPARTMENT CONSIDER PASSAGE BY TDB OF RESOLUTIONS CRITICAL OF U.S. PROPOSED SYSTEM OF GENERALIZED PREFERENCES OVER U.S. OBJECTIONS COULD HAVE UNFAVORABLE EFFECT ON PROSPECTS CONGRESSIONAL APPROVAL TRA TITILE V, YOU MAY WISH TO INFORM AMBASSADORS OR ECONOMIC MINISTERS OF LIMITED OFFICIAL USE

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LDCS WITH GREATEST INTEREST IN U.S. GSP OF WHAT TRANSPIRING HERE AND URGE MORE RESPONSIBLE ATTITUDE. DALE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, LAW, TARIFFS, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: martinml
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974GENEVA05508
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740241-0059
From: GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974085/aaaaadpr.tel
Line Count: 156
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: martinml
Review Comment: n/a
Review Content Flags:
Review Date: 17 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 JUN 2002 by boyleja>; APPROVED <12 MAR 2003 by martinml>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UNCTAD: TDB XIV CONCENTRATES ON RESOLUTIONS RE US SYSTEM OF GENERALIZED PREFERENCES
TAGS: ETRD, UNCTAD
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005